

## Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 OES-05 NIC-01 SAJ-01 FEA-01

AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 SP-02 SS-15 STR-04 TRSE-00

FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 PA-02 USIA-15

PRS-01 /136 W

----- 110994

R 190845Z DEC 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5763

INFO AMEMBASSY BELGRADE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 15208

E.O. 11652: N/A

TAGS: ECRP, ECON, PDEV, ID

IOUBJ: \$U.S. 80 MILLION YUGOSLAV LOAN FOR

INDONESIAN POWER PROJECTS

1. ON DECEMBER 16, GOI SIGNED \$US 80 MILLION LOAN  
AGREEMENT WITH YUGOSLAVIA FOR FINANCING POWER PROJECTS  
DURING SECOND FIVE YEAR PLAN (1973-78).

2. ACCORDING PRESS REPORTS YUGOSLAVIAN CREDITS WILL PAY

FOR TWO 100 MEGAWATT STEAM-ELECTRIC GENERATOR INSTAL-  
LATIONS -- ONE AT MEDAN, NORTH SUMATRA, AND THE SECOND  
AT HARBOR/INDUSTRIALCOMPLEX AT CILACAP, CENTRAL JAVA --  
AND A ONE MEGAWATT HYDROELECTRIC GENERATOR AT SEMPOR,  
CENTRAL JAVA.

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3. LOANS, WHICH ARE FOR TEN YEARS AT SEVEN AND ONE HALF

PERCENT, ARE TO BE REPAID IN SIX-MONTH INSTALLMENTS, TO BEGIN AFTER SUCCESSFUL COMPLETION OF EACH PROJECT, WHICH WILL TAKE APPROXIMATELY FOUR AND ONE HALF YEARS TO BUILD.

4. GOI DEPARTMENT OF FINANCE, WHICH SIGNED AGREEMENT FOR GOI, INFORMED PRESS THAT LOAN AGREEMENT WAS RESULT OF VISIT TO YUSOGLAVIA BY FOREIGN MINISTER ADAM MALIK IN JULY 1974. STATEMENT NOTED THAT INDONESIA NOW ABLE TO ACCEPT CREDITS SUCH AS YUGOSLAV LOAN ON TERMS LESS CONCESSIONAL THAN IGGI LOANS AND THAT GOI HOPES OTHER EAST EUROPEAN COUNTRIES WILL OFFER SIMILAR CREDITS.

5. ABDUL KADIR, PRESIDENT-DIRECTOR OF GOI STATE ELECTRICITY ENTERPRISE (PLN) ADDED THAT GOI HOPES OTHER COUNTRIES SUCH AS U.S., JAPAN AND WESTERN EUROPEAN NATIONS WILL ALSO PROVIDE CREDITS FOR TOTAL OF \$US 600 MILLION INVESTMENTS IN ELECTRIC POWER FACILITIES WHICH GOI HOPES TO BUILD DURING SECOND FIVE YEAR PLAN. (TOTAL INVESTMENT

IN THIS AREA DURING FIRST FIVE YEAR PLAN WAS \$150 MILLION.)

6. "ENERGOINVEST", YUGOSLAV AGENCY WHICH SIGNED NEW AGREEMENT, BUILT POWER FACILITIES IN UJUNG PANJANG, SULAWESI, AND IN PALEMBANG, SOUTH SUMATRA, IN EARLY SIXTIES DURING SUKARNO REGIME. IN ADDITION TO NEW PROJECTS, ENERGOINVEST IS INVOLVED IN REPAIRING UJUNG PANJANG FACILITY, WHICH WAS DAMAGED BY FIRE IN 1972.

7. COMMENT : THIS IS FIRST SIGNIFICANT DEVELOPMENT CREDIT TO BE GRANTED BY COMMUNIST GOVERNMENT SINCE GOI ANNOUNCED ITS RENEWED WILLINGNESS (AFTER CESSATION OF COMMUNIST AID IN 1965-66) TO ACCEPT AID FROM EAST EUROPE AND SOVIET UNION. TOUSSAINT

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## Message Attributes

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**Concepts:** BANK LOANS, ELECTRIC POWER PLANTS  
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